THE ANTI-OPTION BILL

The Speech of

Hon. James Z. George

of Mississippi

in the

Senate of the United States.

A REVIEW OF SOME
OF HIS ARGUMENTS
BY

LATHAM, ALEXANDER & Co.

Bankers and
Cotton Commission Merchants,

NEW YORK

PRESS OF
DENNISON & BROWN,
No. 2 LIBERTY ST.
NEW YORK.

TO THE PLANTERS AND COTTON TRADE
OF THE
UNITED STATES.

LATHAM, ALEXANDER & CO.,

Bankers and Cotton Commission Merchants,

NEW YORK, December 29th, 1892.

On December 13th, 14th and 18th, Senator George, of Mississippi, consumed much valuable time of the Senate in delivering a speech in advocacy of the Anti-Option Bill, and entered into a discussion of the system of cotton contracts for future delivery, conducted by the New York and New Orleans Exchanges.

On July 25th of last year the Senator made a similar speech, and it was so full of startling inaccuracies, and showed such an absolute unfamiliarity with the business, that we wrote a letter for publication calling attention to the misstatements of the Senator, and gave correct information of the business transacted in the New York Cotton Exchange, and defended the gentlemen of that Exchange against the unwarranted assaults of the Senator, which he had evidently made without proper investigation.

In the Senator's speech a few days ago in the United States Senate he makes liberal extracts from our article referred to, commenting upon them, and we, therefore, deem it proper to write this communication to correct some of the Senator's inaccuracies in connection with our letter, and to give further information to the people touching the business transacted in the New York Cotton Exchange.

It cannot be expected that we could touch upon all the matter contained in the Senator's speech, for it covers twenty-six columns in the "Congressional Record."

The Anti-Option Bill was introduced in Congress as a measure to raise revenue for the support of the Government, and the Senator knows that it would not bring one dollar of revenue to the Treasury. It is a fraud on its face. The Senator says:

> "I feel, therefore, not only a personal interest in the success of a bill to suppress dealing in futures, but I feel called upon by the highest motives which can govern a representative; that is, the protection of those who have commissioned him to legislate for them, to use every exertion in my power to make plain to the Senate that which appears so plain to my mind, the injurious effect of the traffic intended to be suppressed by this bill."

Why was not this bill introduced stating, as the Senator above states, that it was a bill to suppress dealings in contracts, and was not intended to raise one dollar of revenue by imposing special taxes on dealers engaged in buying and selling cotton contracts for future delivery on commission? Would not this have been an honest and proper way to express in its caption the meaning of the bill?

In the Senator's speech of last July he said: "They sell 30,000,000 bales of cotton a year against the farmer," and contended then, as he does now, that the low prices for cotton were occasioned solely on account of transactions of the cotton merchants in the City of New York. In less than four months—from September 1st to December 27th—21,708,400 bales of cotton have been sold in the New York Cotton Exchange, and, in spite of these sales, which the Senator complains of, the planters' cotton has advanced in price 2¾ cents per pound. If his statement last July was correct—that cotton contracts put the market down—there is no escape from the admission that cotton contracts this year put the planters' cotton up. At the last Session of Congress the Senator should have said that, during the past three years, 25,059,878 bales of cotton were forced upon the market by the planters for sale, and that this enormous over-production caused cotton to decline; and he might have said, in his recent speech, that the small production of this year had caused the planters' cotton to advance. Why does not the Senator frankly and candidly state the facts when making a speech on a great economic question that involves every material interest of the people of the South? When disaster comes to the planter, and suffering follows in its trail, why should the Senator attempt to put upon the shoulders of a small body of innocent men the responsibility that should be borne by the planters themselves?

The Senator takes from our letter a paragraph, discusses it at great length, and attempts to prove that the cotton market of New York controls that of other markets in this country, and oftentimes the markets of the world. The Senator occupied the time of the Senate in order to make such proof, when, in our communication, we admitted what the Senator wished to prove, but stated New York cotton dealers, by their own operations, do not control prices, but they represent planters, operators and dealers, not only in the United States, but all over the world, and the sentiment consolidated here makes the price..

We quote from the Senator's speech:

> "What is a representative, Mr. President? He is a man who acts in the place or stead of another, having authority or credentials so to do. Who gave these men the authority they have assumed? Where are their credentials to act for the farmers of Mississippi or Arkansas in fixing the prices of cotton for the world at large? They admit they fix the prices, but they say they do it as representatives. I dispute their authority. I say, 'Your assumed power of representation is an impudent usurpation—you represent nobody but yourselves.' According to this paper, they do fix the price of cotton; and, when men have the power to fix the price of any commodity, they fix it in their own interest."

The Senator denies that the New York Cotton Exchange is the representative of buyers and dealers throughout the world. This denial is so sweeping and untrue that we are astounded that he should make such a statement! Is it possible that Senator George knows so little about transactions in cotton in the City of New York that he is willing to put in print such a statement as this? With the same propriety the Senator might have said that the officers and Board of Directors of a bank do not represent its stockholders and depositors. The Senator states that "there are one hundred and sixty-three cotton commission firms, fifteen bankers, three bank presidents, besides some two hundred and fifty other dealers in cotton, who are members of the New York Cotton Exchange—and what does he suppose these men do? Many of them do not have one dollar's interest in the transactions in the New York Cotton Exchange—they represent men from nearly every State in the Union; they represent men in nearly every city and town in the States of Mississippi and Arkansas, who send them their money, and instruct them to buy and sell cotton for their accounts, and the only interest they have in the cotton market is a small commission that they receive for their services in carrying out the wishes and orders of their clients. If the Senator were in the City of New York to-day, he

could be shown thousands of telegrams and letters that reach New York every day from all parts of the world, giving positive instructions to buy and sell cotton.

As stated in our previous letter, the members of the New York Cotton Exchange do not control prices—they could not do so. If every firm and member of the New York Cotton Exchange were to pool their capital and get the aid of half the banks in the City of New York, they could not arbitrarily control the cotton market of the world, because they would have to contend against the opinions of thousands of dealers in every section, and these dealers would overmatch them in money, and they would be swept away like straws. To sum up the aggregate wealth of parties who buy and sell cotton in the New York Cotton Exchange outside of its membership would amount to five times as much as the total capital of every bank in the City of New York. A single broker without capital on the floor of the New York Cotton Exchange oftentimes has great influence on the market, because that broker has orders in his pocket to buy and sell cotton for responsible dealers, firms and banks, who can back up his transactions with far more money than a number of the richest firms in New York possess or could control. If fifty business firms in the City of New York should send to Senator George large sums of money to invest in real estate in Washington, and instruct him to buy at the best price, but without limit, he would overwhelm every local dealer, because the Senator would buy all the real estate at the market price, and offer to buy more at a higher price.

It would appear that Senator George believes, and other people believe, that the New York Cotton Exchange is a joint-stock company; that its business is conducted as the business of a bank; that the profits and losses resulting from its operations are divided *pro rata* among its members. The fact is the New York Cotton Exchange is simply an organization composed of business men who represent the cotton trade of the world; each firm or member does business in its own way, and the opinions of these members of the Exchange are always at variance. If all were selling against the planter, as the Senator has stated, there would be no buyers, no market, no Exchange. If all were buying, there would be no sellers, no market and no Exchange. The New York Cotton Exchange simply owns a building,

in which its members meet to transact business. They have an organization like that of any other corporation, and why should the Senator make the incorrect statement that "the members of the New York Cotton Exchange have no authority except themselves, and that they fix the price of cotton to suit themselves; that they represent nobody but themselves; and, when fixing the price, do so for themselves?" The foregoing quotation from the Senator's speech would lead one to suppose that the members of the New York Cotton Exchange meet together in the morning and fix the price of cotton for the day, when it is a fact, that if any member of the New York Cotton Exchange could tell one hour ahead what the price of cotton would be, he could command a salary of a million dollars a month. In a short time, this man, who could look into the future of this Exchange, and could predict the price of cotton, could make all the money that exists in America. Has the Senator from Mississippi given up thinking? Is he prejudiced? Will he believe facts, or does he prefer to believe fictions?

We quote from the Senator:

> "I see it is claimed by Latham, Alexander & Co., in their reply to me, that there are several planters or raisers of cotton among the membership of the New York Cotton Exchange of New York. I do not doubt their statement; but I suspect it is true only in the sense that some persons [like Mr. Latham] engaged principally as bankers or in some other mercantile pursuit have an interest in planting cotton.
>
> "I want to get a list of all the members of the Cotton Exchange of New York with their residence and occupation; I want as to those stated to be planters of cotton," &c.

The Senator stated in his speech last July that there were no planters—no, not one—who were members of the New Orleans Cotton Exchange. He also stated that he presumed that there were no planters who were members of the New York Cotton Exchange. Before making this positive statement, it would have been proper for the Senator to have investigated the facts. In our article we corrected the Senator, and stated that there were planters in both Exchanges. In his recent speech he admits that there are members of both Exchanges who have money invested in plantations, who cultivate them and raise cotton, as all other planters do, but he virtually says that these planters are amateurs and are engaged in other kinds of business. In a word, that they do not live upon their plantations and

cultivate cotton solely for a living. The Senator's point in the first place was immaterial—it had no relevancy to the Anti-Option Bill.

It makes no difference whether the members of the New York and New Orleans Exchanges are planters or not. Every planter in the South can join the New York Cotton Exchange, and receive all of its benefits, just as any banker or merchant in New York does.

Some of the farmers' organizations are very close corporations—they do not throw their doors open to the world, as the New York Cotton Exchange does, but they exclude bankers, lawyers, &c., from their deliberations. Although the Senator is a "dear friend" of the Southern planter, he, being an attorney at law, is not eligible to become a member of one of their organizations.

The Senator says he has a personal interest in cotton, he is a cotton planter. As we understand it, his profession is that of an attorney at law in Carrolton, Miss., and his present position is that of a Senator of the United States, residing in Washington. And so it appears any man can be a planter, no matter whether he lives on his plantation or not. And there was no occasion for the Senator to waste precious time in making a long argument on such an immaterial point.

We quote again:

"I propose now to consider somewhat the performances of that exchange with reference to cotton; and now I wish to state, while it controls the cotton market of the country, and, as claimed by Latham, Alexander & Co., the price ot cotton throughout the world, New York only received in the last commercial year, 1891–92, the amount of 165,576 bales of cotton. It received about the same in the year before, upon which I commented in my speech made at the last session of Congress. I was replied to by the statement that I knew nothing about the business of the great City of New York; that over 784,000 bales of cotton were exported from the City of New York to Europe, and that 784,000 bales of cotton were added up as a part of the business of New York in cotton. I quote from their paper:

"The following are the official figures showing business done in New York for the cotton year of 1890–91:

Cotton exported to Europe	bales,	784,058
Cotton sold from table	"	146,805
Actual cotton delivered on contract	"	144,703
Total	bales,	1,075,566

"This does not include the large receipts of cotton that pass through this city and remain unsold in this market.

"To show that I was right, and that the representatives of the Cotton Exchange of New York have made a very serious mistake as to the importance of New York as a cotton market, I propose to read something to the Senate, which I presume will not be controverted."

As the Senator states, there was an omission in our statement showing the cotton trade of New York. The omission, however, was against us. We became aware of it immediately after our article was printed, but too late to insert it. It was not a difficult matter for the Senator or any other reader to detect it. The omission was that the total receipts of cotton in the City of New York last year were 1,524,249 bales. In our statement we simply put the net receipts—those coming from plantations—that were not previously counted at the ports. It would be impossible for the Senator to belittle the trade of New York in cotton or anything else. A city is not to be spoken out of importance that received 1,524,249 bales of cotton, carried in her warehouses on March 10th, 410,152 bales, worth some fifteen or twenty millions of dollars, and which was nearly one-half of all the cotton carried in all the other American ports put together, and at the end of the cotton year, September 1st, held in her warehouses 263,671 bales of cotton, which was 108,223 bales more than all the other ports put together, and to-day holds in her warehouses 302,025 bales of cotton, which is more than a fourth of all the cotton held in warehouses in all American ports, notwithstanding the fact that the Southern ports at this season of the year hold unusually large stocks. Such is New York's record.

In the Senator's speech last July, he stated that the commission of the New York Cotton Exchange was $10 for buying and $10 for selling 100 bales of cotton. We stated that this statement was incorrect. We quote what he says in his recent speech:

> "You see that the New York Exchange, through its representatives who undertook to reply to me, and had the reply published, paying for it, in the leading papers in every cotton State of the country, made a slight mistake, or else they have solemnly published to the world a falsehood.
>
> "The rates of commission shall be as follows:
>
> "Twelve and a half cents per bale for each and every bale bought or sold, when the transaction is made for any party not a member of the Exchange."

Previous to March 4th, 1885, the rules and regulations of the New York Cotton Exchange stated that a commission of twelve and a half cents per bale for buying cotton, and twelve and one-half cents per bale for selling cotton was the rate of that Exchange, *and to violate this rule by charging a lower rate would subject the party to expulsion and*

loss of his membership. On March 4th, 1885, by a vote of the Exchange, the penalty for the violation of the commission law was removed, and since that date the usual commission for buying and selling cotton has been $5 per 100 bales for buying, and $5 per 100 bales for selling. The law remains in our rules and regulations in order that no broker or merchant can rightfully charge a customer more than twelve and a half cents per bale for buying, and twelve and a half cents for selling. The foregoing statement of ours is true, and will be verified not only by every member of the New York Cotton Exchange, but by numberless dealers in cotton contracts in New York residing in the State of Mississippi. The commission for buying and selling 100 bales of contracts at one time was 2½ per cent. on the value of the cotton, and $50 brokerage; at that time cotton was higher. It cost a customer oftentimes in those days more than $300 to buy and sell a contract for 100 bales of cotton. Hence, the Senator will see that the broker's commission on cotton contracts has declined from $300 to $10. The decline in the commission has been much greater than the decline in the planters' cotton. It is astounding to us how a Senator can show such an utter want of knowledge of the business—from whom does he get all this incorrect information? Does he seek information, intentionally, from parties who know nothing whatever about cotton transactions in the City of New York? Does he wish to enlighten his constituents or keep them in the dark? Does the Senator make no exertion at all to find out the simplest facts about the New York Cotton Exchange?

In the foregoing quotation from the Senator's speech, as well as in another paragraph of his speech, he says that we are leading bankers and brokers and representatives of the New York Cotton Exchange, &c. Our firm does not represent the New York Cotton Exchange in any manner, shape, or form. We conduct business on that Exchange daily, but we have no authority whatever to speak for it. We hold no official position in it, and what we have said about the Senator and the Anti-Option Bill we have said on our own account as a business firm, and not at the instance of any individual or of the Cotton Exchange. The Senator says the publication of our article was paid for. Of course, it was paid for—what of that? The press of the South have extended to us many courtesies, by the publication of small articles that we have written, and they extended

to us further courtesies in the publication of our letters on this subject at greatly reduced rates. We could not expect a newspaper to give up twelve or thirteen columns for any matter that we might write, no matter how well it might be written, unless we paid something for it. Let the Senator send his speech to some of the papers in which our article was published, and he will find out whether they will publish it without cost. Some of them might write him that they would not publish it for money, because his speech gives but little information touching cotton contracts in the City of New York, and his arguments in favor of the Anti-Option Bill have but little relevancy to that Bill, and would not be interesting to intelligent readers. Our letters were written with the view of giving information to the people upon a subject that many did not understand. Neither the New York Cotton Exchange nor any firm or individual of that Exchange ever contributed one penny towards the publication of our letters. We make this statement as full as possible, because it has been charged and printed in the South that our letters were written at the instance of a syndicate in New York of unlimited means, and that the publication of our letters was paid for by that syndicate. This statement is without a shadow of foundation in truth.

The Senator dwells at length upon the fact that the New York Cotton Exchange requires cotton to be put in licensed warehouses, to have licensed inspectors, weighers, samplers, &c., and says that the Cotton Exchange monopolizes the trade of New York. As, perhaps, nearly every merchant in New York dealing in cotton is a member of the Cotton Exchange, they naturally monopolize the trade, just as the Senator and the other attorneys at law in Carrolton monopolize the legal business in that city. The warehouses are selected because they are fireproof buildings in convenient localities, and because the warehousemen are highly responsible and honest. The weighers, inspectors, &c., are licensed because they are thought to be honest, and have been engaged in the business for many years, and understand it thoroughly. It is not necessary for such license to come from any State or city, as the Senator says. The cotton dealers in New York simply agree to have these experienced men transact the business of the Exchange. Does not the farmer prefer to select the best men he can get to cultivate cotton? From the Senator's speech it would appear

that it would be all right for the Cotton Exchange to select its inspectors, weighers, samplers, &c., from all of the various trades.

If the Senator had spent a portion of his vacation on the floor of the Cotton Exchanges in New York and New Orleans, and had examined the books of bankers, cotton merchants, and dealers who daily make large transactions in the Exchanges for parties all over the world, it would have been impossible for him to have made such a speech as he delivered in the Senate. The trouble about the Senator is (and we judge solely from what he says), that he seeks information from sources where correct information and a knowledge of the business do not exist. If the Senator desired to learn something about gold and silver mining, he would probably go to Colorado, California, or Mexico; he would certainly not go to planters who raise cotton in the Mississippi Valley to gain information on this subject.

We quote again:

"I should like to read something as to the margins, but I have taken so much of the time of the Senate that I shall not detain it, but will state that the by-laws require the margin to be from one to five dollars a bale, and then to be made good if there should be any greater rise or fall requiring more money to make the margins good. I will average these margins. I will be liberal; I will assume there is not much variation in prices, although I will show that there is a great variation before I get through. I will assume that only half of the highest sum is charged—that is, two and one-half dollars a bale each way. That would be $130,000,000 on 26,000,000 of bales; but now they have got it up to 40,000,000 bales, which is about a third more, and so you will have to add one-third to the $130,000,000 of margins. Interest must be paid for the use of this money."

It will be remembered that the Senator, when making his speech last July, made the most wonderful statement about margins that ever was read. At that time he figured out that it required nearly the total value of the whole cotton crop to keep up margins in the New York Cotton Exchange. The Senator's estimates this year are a little reduced, but they are still astounding. Let us explain to the Senator about margins. The rules and regulations of the New York Cotton Exchange say: "Either party to a contract for the future delivery of cotton shall have the right to call an original margin of from $1 to $5 per bale at the time of signing the regular contract, or at any time prior thereto, and may also demand that $1 of the amount so called shall, within one hour after the receipt of such demand, be deposited with the superintendent of the Exchange in current funds or a certified check.

In addition to the original margin, either party to a contract can call for additional margin as the fluctuations of the market occur. When such margins are called for, certified checks must be drawn to the order of and deposited in a Bank or Trust Company (to be designated by the party calling), which Bank or Trust Company must be in good standing.

Bankers, merchants, brokers, and dealers, who are members of the New York Cotton Exchange rarely, if ever, call upon each other for original margins. In our long experience in the business we have never called for but two original margins, and have never been called on for original margins, excepting on two occasions. The merchants have the right to do so, but the right is not exercised, because their contracts are considered safe, and besides, they have the right, at all times, to call upon each other for margins to cover the variations in the market. When an original margin is called, it is because the party calling does not have confidence in the strength of the party upon whom he calls. The calling of either an original margin or a margin on account of variations in the market is purely discretionary with the dealer. Firms oftentimes have large transactions with each other, without any margins being called. When they are called, margins must be put up in cash or certified check at certain hours of the day, and there is no credit, nothing fictitious, no device to avoid putting up margins, as Senator George stated there was in his speech last July. On numerous transactions in the Exchange between buyers and sellers direct settlements can be and are made, and no margin is required upon such transactions. The Senator's calculations and figures concerning margins are absolutely valueless. After an active business experience of twenty-three years in the City of New York, it is our opinion that at no time since the foundation of the New York Cotton Exchange was there ever deposited as much as $10,000,000 in margins. Because the rules and regulations give parties to a contract the right to call original margin and other margins, Senator George assumes, when he could have known differently, that the right is rarely exercised, and the rule exists to cover particular cases that might arise in the transaction of the business of the exchange. Why will the Senator discuss the question of margins in the New York Cotton Exchange, when he is so lamentably uninformed on the subject?

We quote from the Senator again :

"Jerome Hill, of St. Louis, one of the most extensive and intelligent cotton factors in the United States, estimates the loss of the farmer by their future dealings at $100,000,000 a year."

Mr. Jerome Hill, of St. Louis, is not an authority on cotton contracts in the City of New York. He is not an authority as regards the price of spot cotton even in Arkansas and Texas, to which sections his business is principally confined. In his circular letters he is continually writing about the poverty of the South. This is also a pet theme with the Senator when he pleads so earnestly for the "dear farmer." If the planters in the South lose $100,000,000 a year, they must be rolling in wealth, and must have lost within the past twenty-three years, according to the estimate of the distinguished statistician, Mr. Hill, $2,300,000,000. If Mr. Hill be correct, it would have been far better for the people in the South to have compromised with the New York Cotton Exchange, and turned over to it each Southern State for margins and losses. The total value of the cotton crop last year was only $391,424,716; hence, the farmers in the South lost more than one-fourth of its total value in cotton contracts. Such a statement as this is simply ridiculous. The planters in the South, in our opinion, never lost $5,000,000 in cotton contracts last year — many of them made money. This year it is a notorious fact that the South has made many millions of dollars by buying and selling cotton contracts in New York and New Orleans.

The Senator copies extracts from a number of telegrams and circular letters from merchants and dealers in cotton contracts in New York and New Orleans, showing how the cotton market is affected temporarily on account of various influences that occur each day. None of these letters show that cotton went up or down on account of illegal methods. But the Senator has one standard, one trusted authority on cotton contracts, whose experience has been world-wide — he knows it all. He may have "been there" himself in a small way, by proxy, and the Senator sticks to him through thick and thin. He seems to be the Senator's only authority.

The Senator introduced this good friend to the Senate of the United States last summer, because the Senator thought that he had extended his visions beyond the confines of Texas and Arkansas, and he read

from his pen, for the information of the Senate, a remarkable circular letter touching cotton contracts in New York, &c.

In the Senator's recent speech he could not refrain from introducing again the authoritative opinion of his adviser.

We quote:

> "Now, I read from a firm that is on the other side [meaning the Senator's side]—The Jerome Hill Cotton Company. I am authorized to say with reference to that firm that it has handled within the last twenty-five years in the Southern markets, Memphis and St. Louis, more cotton than any other factoring house in the country. They close up by saying:
>
> "'While the situation really is growing stronger each day by reduction of the surplus and bad reports from the crop, cotton is being forced down by illegal methods.'
>
> "Now, Mr. President, we have the facts."

When the Senator's oracle on cotton wrote the letter saying that cotton was being forced down by illegal methods, there was some temporary reaction in the market on account of realization of profits and other causes; but, when the Senator read the article for the information of the Senate, cotton was advancing, and it to-day is selling at nearly the highest price this season. If it was put down by illegal methods, as Mr. Hill says, it must have been put up by the same methods.

When cotton goes down there is something wrong about it, and the New York Cotton Exchange is held responsible for it; but when it goes up it is all right, and the direful influences of our Exchange are never mentioned. The question is argued in a way something like this: "If you do just what we want—advance the price—you are all right; if it is impossible for you to advance the price, then you are wrong." The Senator believes, doubtless, that Mr. Hill can see through a mill stone. We will show him just how far he can look into the future.

We quote, *verbatim*, a letter that the Senator's friend wrote, touching the future of the cotton market, and the estimation in which he held the gentlemen whom he must count on to come into his office and buy his cotton. This letter has heretofore been published:

"St. Louis, Mo., December 4th, 1891.

"Mr. J. B. Harwood,
"Fort Smith, Ark.:

"Dear Sir—

"Yours of the 2d inst. received, and we are glad to hear from you. The spinner buyers have about wrecked the cotton market, aided by the foreigners' report of crop and the thieves of the New York and New Orleans Cotton Exchange. Please understand we are not blaming the spinner buyers; but they have no interest in the crop, save their commissions for selling, and they offer cotton in every direction, underbidding the centre markets; hence, down goes cotton. The factors are powerless to hold cotton up as they used to until these people find stocks so reduced they cannot offer. We believe in cotton at present low prices. We will be glad to advance you cost on all the cotton you have on hand, or will ship to us and draw at sight for it. If there ever was a time in the world to buy cotton, this must be the time.

"The falsehoods as to the crop have run their course. They must face the facts. Jerome Hill says we ought to organize a Klu Klux Klan to rid the country of pessimists who make a living by following the calling of their ancestor "Ananias." We have not seen a single bull article in a Southern newspaper this season. Have our people no manhood left that they will allow a lot of stupid foreigners who are more cunning than honest to count our crop for us, value our cotton and take it at their own sweet will? The South is almost reduced to poverty and want. Her people are brave in war, but timid in finance. How much cotton is left in your country as compared with last year? Please let us hear from you.

"Yours very truly,
(Signed) "Hill, Fontaine & Co."

This letter, although signed by Hill, Fontaine & Co., was written by Mr. Jerome Hill, who gives the Senator valuable information about the contract business in the City of New York.

Mr. Hill says the buyers for the manufacturers have virtually *wrecked the market;* that the members of the New York and New Orleans Cotton Exchanges are *thieves*, and that the gentlemen who come to our country from Europe to pay us gold for our cotton are *stupid foreigners more cunning than honest.* He further states in his letter: "We believe in cotton at present low prices. We will be glad to advance you cost on all the cotton you have on hand, or will ship to us and draw at sight for." This letter containing Mr. Hill's valuable opinion was written on December 4, 1891, when middling cotton was selling at about $8\frac{1}{16}$, and by the first of April had declined to $6\frac{11}{16}$, and every party who bought and held it upon Mr. Hill's advice lost $6.85 per bale upon it. In the fall of 1890 Mr. Hill was a howling bull on cotton. He advised the people of Arkansas and Texas to buy and to hold cotton, and said he was a bull on it until the "dogwood blossomed in the spring." When this advice

was given, cotton was selling at about 10 cents for middling, and in three months after the date he mentioned, there was a loss in it of $10 per bale. So confident was the Senator's authority that he says in his letter: "We ought to organize a Klu Klux Klan to rid the country of pessimists who make their living by following the calling of Ananias." He did not tolerate large crop estimates, but adhered to small ones. This optimistic Klu Klux Klan intended to destroy pessimists was never organized; if so, the captain and the whole rank and file deserted to the pessimists before the "dogwood blossomed in the spring," and the men whom he said were making a living by following the calling of Ananias based their calculations upon a 9,000,000 crop of cotton, and the enemies of Ananias became his friends. This unique "dogwood" pointer has traveled all over the world; it has been worked into poetry and song in Bombay and Calcutta, and the natives have made it jingle up the Nile, but no man engaged in the cotton trade will ever use this pointer again.

We are aware that Mr. Hill in St. Louis handles cotton very largely. We should think he would, because he says in his letter to Mr. Harwood: "We will be glad to advance you cost on all the cotton you have on hand or will ship to us and draw at sight for." On these terms Mr. Hill should handle nearly all the cotton that is raised in Arkansas and Texas, and on the same terms we might have sent him a thousand shippers from the City of New York.

We quote:

"What is hedging? Let us see. A man buys, for instance, a thousand bales of cotton; he pays the money for it, and as I explained, and as they all explain here, as I have read in the hearing of the Senate, for fear that cotton will rise or fall, if he is a purchaser, he buys a future contract for that, whereby he hedges. So as they all say, if cotton rises when he sells, his contract will rise when he buys. Therefore, there will be neither gain nor loss when the two transactions are put together. It is exactly like a man betting $500 on horse A, and, for fear he will lose his money, betting $500 more on the opposing horse. The result is when the race is run he is bound to lose one bet, but he is bound to win the other; and so he comes out even. So with this hedging all the way through."

The Senator does not understand hedging, nor the great value of contracts for future delivery. A dealer in cotton buys a thousand bales in Memphis, and in order to protect himself he sells one thousand bales of cotton in New York. It is rarely the case that the buying and selling take place simultaneously. The buyer sells the contracts on

some temporary advance, and thereby has a margin of profits to begin with. This margin of profit and the contract protect him until his cotton reaches its destination, say Liverpool. When the contract that is sold declines, he may buy another contract to close out, and hold his cotton without protection in Liverpool. Afterwards, if it advances, he makes money; if it declines, he loses money, but the contract shows him a slight profit, and has protected his one thousand bales of cotton from Memphis to Liverpool. Another buyer buys one thousand bales of cotton and ships it to Liverpool without hedging. By the time this cotton reaches New York to be put on shipboard the Liverpool market looks weak. The buyer then wants to hedge and limit his loss. A planter has a fine crop of cotton growing in his field in August, and is perfectly satisfied with the price of December contracts. He telegraphs to New York to sell five hundred bales of cotton, deliverable in December; by this means he hedges his crop, for he knows if December contracts decline he will make a profit on his contract sale, and this profit will cover the loss that he makes on his spots. He ships his cotton to his commission merchant, directs its immediate sale, and then orders his contracts to be bought back in New York.

Cotton mills enter into engagements for the delivery of goods for future delivery. In order to sell these goods they must fix the price, and they do this by buying cotton contracts for future delivery to protect them against any possible loss between the price at which they sell the goods and the cotton they buy to spin. A mill having confidence in the market will oftentimes buy several months' supply of cotton. After getting the cotton in store, they may lose confidence in it. If so, they telegraph to New York to sell for future delivery the cotton they hold in the mills, and afterwards buy back the contracts as the cotton is spun, and thus they are hedged against decline.

A spinner wishes to buy certain grades of cotton in Texas, and must send his representative there to buy them. Before doing so, he will buy to hedge so many bales of cotton in contract form in New York; and, as his representative in Texas buys the cotton, he sells out the cotton contracts that he has previously bought in New York; thus, he protects himself against the contract that he made for the goods, and against any advance that might occur in the cotton market before the cotton is absolutely bought in Texas.

A merchant in the South is holding one thousand bales of cotton in a warehouse belonging to a customer—cotton begins to decline, the customer has not sufficient funds to protect his cotton, and the merchant says to him, "You must do one of two things: You must sell this cotton outright and stop the loss on it, or hedge it by selling a contract against it in New York."

A broker in New York is holding one thousand bales of cotton in a warehouse, paid for—some emergency arises; he does not wish to sell the cotton, but wishes to borrow money upon it. He will sell this cotton for future delivery to cover any loss upon it during the period that he desires to borrow the money. Cotton with a contract sold against it is as current as a bank bill, and the banker will loan money upon it at a low rate of interest, and when the loan matures the broker will buy back his contract and hold his cotton unprotected, trusting to an advance.

A merchant in Mississippi is daily receiving cotton from farmers to whom he has loaned money during the year. This cotton accumulates upon his hands about his warehouse until he has several hundred bales, which he proposes to ship to New Orleans for sale. He sees that the cotton market is weak and declining, and, knowing that it will take some time for this cotton to reach its destination and be sold, he telegraphs to New York to sell a like amount of cotton contracts against a shipment en route to New Orleans. When the cotton is sold in New Orleans he covers his contract in New York.

An exporter shipping large amounts of cotton to Europe makes sales of contracts before cotton is purchased, and, on the basis of these contracts, mills sell their contracts for goods for future delivery. The exporter knows the stocks in the cotton centres, the price, &c., and takes the chance of selling before buying. The same exporter has various lots of cotton en transit to Europe—one lot will be hedged before it is shipped, another lot will be hedged by the time it reaches Cincinnati, another by the time it reaches New York, another lot hedged in the middle of the Atlantic Ocean, and another lot hedged before it lands on the dock in Liverpool. If the price is going up, he may let it all go to Liverpool unhedged; if it is going down, he knows it, every moment, during the day, and can hedge it as before stated, and can limit his loss. Without being able to hedge this cotton he

might never have bought it, because he did not have money enough to ship it unprotected.

Besides a hundred other ways than those above mentioned, the cotton-contract system protects buyers and dealers in cotton, and the Senator must remember that there is always a large arbitrate business going on between the market of New York and other markets of the world. A merchant in Liverpool or London will use a cable, buying on one side of the Atlantic and selling cotton on the other, or *vice versa*, if he can make a very small profit.

A cotton contract is based upon cotton, and cotton alone ; its value is known every moment of every business day, and can also be bought and sold without large investments of money ; and, on this account, a large part of all the cotton in the world is in some manner, shape or form covered by contract. It is really surprising what vague ideas many men have about the business machinery that is required to move and distribute throughout the world nine million bales of cotton worth $400,000,000. It is also surprising that the Senator from Mississippi, representing a great cotton State, should advocate a measure which will hamper business, lessen buyers and embarrass her own people. Senator George and many planters may think that all that is necessary to procure money for the crop is to dump it down at the depots and let it market itself.

We insert here an extract from a letter received from a planter residing at Longwood, Miss. :

"I am much surprised to see so many who claim to possess a good degree of business sense betray such a vast amount of ignorance and prejudice in their arguments in advocating the Anti-Option Bill ; they little realize the far-reaching effects such legislation will have to demoralize trade in all its branches far and wide. It will blight and paralyze and discourage competition, which is the real life of trade, and disturb and divert it from its *natural* channels.

"In this age of free thought, free action and rapid progress and improvement, it seems strange that, while the train is speeding smoothly and rapidly along, so many can be found willing and ready to apply the brakes and place obstructions in the way, and then cry out 'Danger ahead!'

"The laws of trade seek their own natural channels, and flow freely and naturally when undisturbed ; but, when diverted from these natural channels by too much or unwise legislation, disaster and panic are sure to follow. When we find wise, able business men who can look ahead into the future and prepare for what is coming, is it not unfair—is it not madness and insanity—to call such men *gamblers?*

"There can be no truth in the wild cry that dealings in futures depress prices

and bring injury to the producer. Those who make this claim forget (if they ever knew) that there must be a *purchaser* for every *seller*. While there is a future market, the planter can have the advantage of this, and sell his crop at any time during the year when the price of cotton justifies the sale, and is not compelled to wait until he has made and shipped his crop at the close of the year."

The above brief letter contains more practical ideas about business, and more logic concerning the Anti-Option Bill, than is contained in the speech of Senator George of Mississippi, covering twenty-six columns of the Congressional Record.

The Senator says that the business in cotton contracts is increasing. Of course it is, for when this system is investigated and understood, it is readily adopted by the cotton trade of the country. When the farmers were cutting wheat by hand they found out that absolute necessity required some other system. A piece of machinery, called a reaper, came into existence, and that reaper with its improvements is run by steam, and the scythe blade has disappeared forever. Ever since the foundation of our Governments, Southern Senators have been noted for their oratory, quick perception, sound logic and a fearlessness in expressing their opinions. Their speeches on the floor of the Senate were usually listened to with rapt attention. They investigated difficult problems that were likely to seriously affect the business of the whole country; but, to anyone reading the speech of Senator George of Mississippi, it would appear that he had fallen far below the standard of his predecessors.

The Senator objects to the interjection into the business of this country new methods unknown to our fathers, &c. The Senator forgets that, unless new and improved methods had been interjected for the purpose of cultivating, preparing and removing cotton to market at less risk and less loss, it would to-day be impossible to distribute our crops throughout the world. The methods of our fathers were good in their day, but the Senator is aware that the people of the world who came after them never turned back to adopt those methods. They were good enough when lint was picked from the cotton seed by hand, because few people wanted cotton then. They were good enough when the bowstring was used for cleaning and beating cotton. They were good enough when the old-fashioned roller gin was in use, but none of these methods for increasing cotton production were good after Ely Whitney, in 1793, invented the saw gin and put it into

practical operation in 1794. To pick by hand enough cotton lint from the seed to make 9,000,000 bales would require an age of time and incalculable amount of labor. In 1791, previous to the invention of the Whitney gin, the total American crop of cotton was only 4,500 bales, and our fathers, no doubt, thought then that we were making an enormous crop. The present system of cotton contracts grew out of absolute necessity, and it has progressed as cotton inventions have progressed, and it will never be abandoned by the civilized nations of the world, even though the genius of the American "Statesman" should throw an obstacle in its way. Men now look to the future and forget the past. No sound or well-established principle that economizes labor, time and expense, and that facilitates trade, has ever been abandoned. Every man in business must look to the future for his success; every planter who puts cotton seed in the ground looks to the future for his profits—in fact, the farmer begins to speculate and gamble on the future from the very moment that he buys or rents his land.

We quote an editorial article from the New York *Sun* of yesterday, which explains most admirably the great extent to which the future must be relied upon :

Shall the Future Be Abolished?

"The object of the Anti-Option Bill is twofold. So much appears from the speeches of its champions in the Senate. On its economic side the bill is a measure providing that dealers in futures shall be taxed for the supposed benefit of the farmers; for the real benefit, as is charged, of the great Northwestern millers, whose friend, Senator Washburn, is the chief of the Anti-Optionists in the Senate. On the moral side, the bill is urged as a means of restricting the sin of gambling. The moral and improving remarks of this kind made by Senator Peffer, of Kansas, are truly affecting, and soaked with that high Roman virtue which we look for in a Populist chief.

"If Senator Peffer's brains were not as tangled and unkempt as his whiskers, we might take the trouble of asking him to give his notion of gambling and to define the proper limits of State restriction of gambling. If a farmer, either from optimism of temperament, or a roseate view of the prospects of live stock, or an expectation of virtuline scarcity, refuses to sell a calf to a butcher to-day, and holds that calf for a rise, is that farmer not gambling in futures? If a farmer mortgages his farm or a planter his cotton crop, is not such a mortgage a speculation in futures? If Cincinnatus Gallus contracts to furnish Marcus Mercator with three dozen eggs a week at so much a dozen, is not that a dealing in futures, and an uncertain banking upon commodities that may never exist, or the existence of which depends upon the digestive powers and aversion to sedentary affairs of Gallus' hens? If Mr. Peffer makes a contract with a Washington barber for the annual pruning of that aboriginal forest, is not that a dealing in futures? Is not

every bargain, every acceptance or refusal of a price for a certain commodity, a bit of gambling? Somebody will probably lose by that bargain—that refusal to make a bargain. Each party is gambling that the price of that commodity will or will not go up subsequent to the bargain or the refusal to make one. All business contains the element of chance, and whether the subject of any particular transaction be an existing or a non-existing amount of a certain commodity makes no difference. Mr. Peffer might, in fact, object with just as much reason to the substitution of checks for money.

"Knowledge, capital, foresight, will always be great, and in the long run the greatest factors in business, but the element of chance cannot be eliminated; nor is that element the main element in transactions in options. Only the ignorant speculator, blindly rushing into the market, trusts all to chance.

"If Mr. Peffer and his friends want to abolish speculative operations, they must in fairness strive to abolish all speculative operations—a large contract, but one that can be executed by famishing or putting to death most of the inhabitants of the United States. If Mr. Peffer and his friends want to prohibit dealings in futures, they must abolish in the human constitution the hopeful and the despondent propensity, the eternal bullish and the eternal bearish, as the philosophers of Mr. Henry Villard's fatherland would say. Furthermore, the Anti-Optionists should try to pass a law providing that every man not a farmer or a miller millionaire, shall be compelled to sell and buy at the other man's price. Or a simpler and better means of abolishing dealing with futures would be to abolish the future. As the wit said: 'What has posterity done for us?' And whatever may be the case with Democratic Anti-Optionists like Senator George, or Republican Anti-Optionists like Senator Washburn, there can be no considerable future for Populists like Mr. Peffer, so that he and they ought to resolve, and can afford to resolve, that the future ought to be, and hereby is, abolished. The inanity of their political proceedings seems to show that they already regard such a resolution as a part of the statute book."

Since last July it appears from what he states in his speech, that he has made absolutely no progress towards understanding a great business system, involving hundreds of millions of dollars and the prosperity of millions of people. He states propositions and makes deductions from them that are hopelessly grounded in error. He is on the wrong side of a great economic question, does not understand it, and makes assumptions that he cannot sustain by proper investigation. He may have considered the question so unimportant as to justify him in remaining at home in Carrolton, and trusting to information from that quarter only.

Instead of seeking information where it could be found, he makes a speech in the Senate of the United States that can only appeal to prejudice, and only makes his own ignorance on the subject under discussion more apparent.

The Senator, in discussing the Anti-Option Bill, shows astonishing unfamiliarity with it, and, at the same time, does not fail to assail the

gentlemen who transact business in contracts and contribute so much towards the country's progress and prosperity. The opponents of the Anti-Option Bill assail no one. They simply enter their earnest protest against the passage of a measure that will not only prove injurious to the business interests of the South, but to the whole country.

The Anti-Option Bill proposes to eliminate buyers of cotton who handle it in various ways, who buy it for speculation, who pay the planters cash money for it, which enables them to pay their debts to their merchants, &c. With this element out of the way, how could the Senate hope that the same buyers would go into the South and invest their money in an article that was uncurrent, with no facilities to handle it or to stop losses upon it? If these men—the merchants, bankers, traders, speculators, &c.—do not buy the cotton, the planters or home merchants would have to carry it. How could they carry it? Planters in the South in the spring of the year borrow money from banks, bankers and merchants to assist in making their cotton crops, and these debts are made payable usually November first and December first. This credit is based upon the production of cotton that the farmers hope to sell before their notes and accounts are due. These notes are negotiated in many ways—a large part of them come direct to New York for sale or discount. Banks and bankers in the South loan money to the merchants and planters, and these banks and bankers borrow each year large sums of money in this city to move the cotton crop. The passage of the Anti-Option Bill—it is intended to be so—will eliminate the prompt and active buyers of cotton who carry the farmers' surplus. In other words, the cotton that is now sold in four months, which is three-quarters of the crop, would not be marketed perhaps in twelve months. Would the banks in New York loan money upon an article that had been discredited—that had no active current value? Would the bankers in the South carry it for the merchants when it could not be sold readily? Would the country merchants buy it from the planters when they could not move it freely to market and draw at sight against it? In the present condition of the South, how much of the surplus stock—which is nearly 4,500,000 bales outside of the hands of spinners, and worth, say, $200,000,000—could the banks and merchants carry on their own resources? The planters in the South and every bank in the South could not buy back from the speculators,

operators and dealers even $50,000,000 of this cotton and pay for it; and, had it not been sold to the buyers that the Anti-Option Bill proposes to take away from the planters, cotton would be congested in every town, county and city in the whole Southern country, which would cause ruin and bankruptcy to the great majority of dealers.

Business men of long experience who have made a study of finance and rules of trade, and have given careful observation to all the changes that have occurred, oppose the Anti-Option Bill, because they are confident that the passage of such a measure would revolutionize the present excellent system, would embarrass business everywhere, unsettle values, and eventually bring disaster to the country. It would take away from the farmer many buyers of his cotton, and leave him at the mercy of a few. The planter cannot have too much competition for the purchase of his cotton. His cotton is produced to sell, and it is a fact beyond controversy that the more buyers for any article the better the price is likely to be. The Anti-Option Bill leaves the planter to rely solely upon the consumer, and what a reliance that would be! A planter who raises a thousand bales of cotton, naturally wishes to sell it to pay his debts due November first. The consumer would tell him he might want the cotton in the course of a year—wait until July or August, and he would come along and take it. The planter would be obliged to say, "This I cannot do, for I must sell my cotton promptly to meet my obligations." The speculator comes along with cash in his pocket. He says to the farmer, "I will not only buy your cotton now and pay cash for it, but will give a better price than the consumer." The more currency an article has the more desirable it is. Under the contract system, cotton is as current as money. On this account it is handled and moved about the world, not only with expedition, but with less outlay of money than perhaps any article of like value. The Anti-Option Bill means that cotton shall not have currency; that it must wait on plantations or in the hands of factors and merchants until consumers will take it. It is proposed that this great article of commerce, yielding nearly $400,000,000, and bringing nearly $300,000,000 of gold to our country annually, shall be put in the same category with potatoes, apples and other products of the farm that have no importance or active ready markets.

Let us make an illustration: Suppose one of the leading, active

stocks that is listed on the New York Stock Exchange and daily dealt in, with sales of from 25,000 to 50,000 shares, should be stricken from the list of the Exchange. What would be the consequence? Its value might not be greatly impaired, but it would become an uncurrent security, with but few buyers and sellers. Banks would throw it out of loans because there was no reliable market where it could be readily sold at quotations. Take a stock, for instance, like Louisville & Nashville, and the stock of one of the best banks in Louisville—the former is listed, the latter is not: 50,000 shares of the former could be sold in a day in the Exchange, when 500 shares of the latter might not be sold in a week, and, if sold, perhaps the price would be lower than former quotations. The currency of cotton is a great element in its favor. It attracts capital—buyers from all sections of the country. Divested of its currency, negotiations upon it would at once become difficult.

In the Senator's speech last July he stated that he wanted to dispose of all the interloping and intermeddling middlemen in the trade. He virtually said he wanted the planters to sell their cotton to select buyers—the spinners. He might as well have said that he desired that they should sell their cotton to the celebrated "Four Hundred" in New York.

Let us again illustrate: It is possible that the Senator wears a ready-made coat. If he does, the farmer sold the wool out of which the coat is made to the wool dealer in some country village; he sold it to a wool dealer in New York; that dealer sold it to a manufacturer of woolen goods; that manufacturer sold his goods by sample to a manufacturer of clothing; that manufacturer of clothing sold the coat when made to a jobber or wholesale clothier in New York; that jobber sold it to a wholesale dealer in the City of Memphis, and that jobber in Memphis sold it to a retail merchant in Carrolton, Mississippi, and the Senator made the purchase from him. It will be seen that the Senator, when buying this coat, paid seven profits upon it. Why don't the Senator ignore the middlemen in the purchase of a coat? Because only one man—the retail man—can sell him one coat. If he were to send this order to the manufacturer or jobber in New York, or the wholesale dealer in Memphis, he would say, "Our goods cannot be distributed by retail. They must go through regular channels to

market. If not, our business would be embarrassed.'' And the same thing applies to cotton. It must have currency; it must have channels of distribution; it must have facilities to move it in large quantities. The farmer cannot dispense with middlemen. They cannot live on their plantations and attend to their business, and be buyers, merchants, exporters, speculators and bankers. These different callings are necessary to complete the machinery of trade. They are indispensable, and the planter cannot conduct business unless he pays some tribute to the men who furnish the money to raise the crop, and who buy it and distribute it everywhere.

Suppose a dry-goods commission house in the City of New York, that represented mills in the South, should put up over its door a sign saying that the firm would only sell goods to buyers who wore them. What would a business community like New York think? They would think that the firm was a set of lunatics. If not, their business operations would be so small that they could not pay drayage. Suppose the Senator were to put up a sign over his law office, and write under his name that he would transact legal business only for clients who had attained the age of 50, or who had a bank account of $50,000. How many clients would he get? All business requires the largest field possible, and the planter requires the whole world to distribute his cotton. He wants buyers without limit. The Anti-Option Bill limits the planters' buyers. It will contract his operations—it will tie him hand and foot. Senator George would seemingly have the planters of Mississippi organize a Home Guard and put muskets in their hands to drive away buyers who had money in their pockets to pay for their cotton.

We quote an extract from *Bradstreet's* touching the speech of Senator George and the poverty of the South, which he attributes to transactions in cotton in the New York and other Cotton Exchanges:

"The first grossly inaccurate statement of importance in the speech is that:

* * * "'The persons who produce cotton have been year by year becoming poorer and poorer, becoming more and more the victims of a rapacious policy [meaning trading in "futures"] which has taken their earnings and added it to the already overgrown wealth of the men who use imperiously the great powers of associated capital in five places—New York, New Orleans, Liverpool, Havre and Bremen.'

"The foregoing is silly as well as misleading. The South is not becoming

'poorer and poorer,' or the South would not present, as it does to-day, a picture of enterprise, industry and increasing prosperity beyond all preceding records.

The Baltimore *Manufacturers' Record* has been interviewing leading business houses at the South as to the commercial outlook for the coming year, and summarizes the replies as follows: 'The financial stringency is over, credit has been re-established, and there is an abundance of money in Southern banks. A small cotton crop, raised at less cost than ever before, is bringing high prices, and will yield a larger aggregate of profit than the immense crop of last season. An abundance of food crops has placed the South upon a self-sustaining basis. The South will become within the next year the scene of unprecedented industrial and commercial activity—not a "boom," but natural, unrestrained growth and progress.' "

For more than a quarter of a century it has been the special business of the Bradstreet Company to ascertain by every means possible the condition of the various sections of our country. In Senator George's immediate neighborhood, or across the fence from him, times may be very bad; but five hundred miles from him times may be very good. The Senator seems to have great animosity and prejudice against the New York Cotton Exchange and its operations. As a rule, men who have such prejudices have at some time gotten on the wrong side of the cotton market, and have lost money in that Exchange. But rational men who are not too indolent to investigate the transactions in that Exchange have high respect for it, no matter whether they have lost money or not.

Every business day some man sells cotton at the lowest price, and some man buys cotton at the highest price. These facts pertain to all classes of business. If all the buyers of cotton made money, there would soon be no sellers; and, if all the sellers made money, there would soon be no buyers. The members of the New York Cotton Exchange represent many States in the Union. They came to New York and entered into the cotton business—any man in the United States can do likewise. The members of the New York Cotton Exchange (and we have had full opportunity to know them in every branch of the trade) are as honest, honorable and upright as any business men to be found in any like association in this country or any other. Furthermore, the membership of the New York Cotton Exchange is familiar with commercial transactions, involving hundreds of millions of dollars each year, because they do the business, and know how it should be done. It is a part of the business of the Bradstreet Commercial Agency to ascertain and give correct information as to the standing of business men in all sections of the United States, and what they say concerning

the members of the New York Cotton Exchange is entitled to much weight; in fact, it is next to being positively conclusive. We quote what they say in their editorial of December 24th:

> "The personnel of the members of the New York Cotton and Produce Exchanges will probably compare favorably with that of the United States Senate; but, like every other human institution, the Cotton Exchange members may possibly at times find a dishonest or tricky person among them. One has even heard that all members of churches are not as good as they should be, yet few, if any, will stoop to criticise churches for that reason."

Yours truly,

LATHAM, ALEXANDER & CO.